

DUPLICATE ORIGINAL

Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of)
)
Compatibility Between Cable Systems)
And Consumer Electronics Equipment)
)

PP Docket No. 00-67

RECEIVED

JUN - 8 2000

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

REPLY COMMENTS OF
THE NATIONAL ASSOCIATION OF BROADCASTERS
AND
THE ASSOCIATION FOR MAXIMUM SERVICE TELEVISION, INC.

The National Association of Broadcasters (NAB)¹ and the Association For Maximum Service Television, Inc. (MSTV)² file these reply comments in the Commission's proceeding on compatibility between cable systems and consumer electronics equipment in the digital era³ to underscore, by reference to other comments here filed, several points we made in initial comments.

First, after years of talk and promises, we are still far away from consumers having access to DTV sets that work with cable, with or without set-top boxes, and with other digital devices, such as digital VCRs. Second, the lack of DTV/cable inter-operability is a continuing drag on the DTV transition and a disservice to consumers who do purchase DTV sets. Third, the new "agreement" between the National Cable Television Association

¹ NAB is a nonprofit incorporated association of radio and television stations and broadcasting networks. NAB serves and represents the American broadcasting industry.

² MSTV is a nonprofit trade association of local broadcast television stations committed to achieving and maintaining the highest technical quality for the local broadcast system.

³ *Notice of Proposed Rule Making*, In the Matter of Compatibility Between Cable Systems and Consumer Electronics Equipment, PP Docket No. 00-67, (released April 14, 2000) [hereinafter *Notice*].

(NCTA) and the Consumer Electronics Association (CEA)⁴ on labeling of DTV sets that directly connect to cable will only perpetuate consumer confusion and uncertainty about DTV products working together. Finally, the FCC has allowed these stalemates and discussions to continue on endlessly, thereby stalling production of inter-operable DTV products.

NAB and MSTV thus renew our call for strong FCC leadership and real timetables mandating completed agreements, finished unified standards and production of inter-operable DTV products, so that the DTV transition can truly begin in earnest.

I. After Years of Talk, Inter-Operable DTV Products Are Still Far Off.

NAB and MSTV pointed out in initial comments that consumers still cannot purchase DTV sets that work with digital cable set-top boxes. We noted that the IEEE 1394 digital interface has long and widely been expected to be *the* universal digital connector, yet there is precious little (if any) product with the IEEE 1394 interface. There were no announcements of DTV receivers with IEEE 1394 noted in the comments filed in this proceeding. If cable set-top boxes with IEEE 1394 ports are deployed this year as suggested,⁵ they will have nothing to connect to.

Moreover, although the 5C Digital Transmission License Administrator (DTLA) indicated its “willingness to work cooperatively”⁶ with CableLabs on implementing copy

⁴ See Letter from Robert Sachs, NCTA, and Gary Shapiro, CEA, to William E. Kennard, Chairman, FCC in PP Docket No. 00-67 (May 24, 2000) [hereinafter “labeling agreement”], attached hereto as Attachment 1.

⁵ Comments of the NCTA, PP Docket No. 00-67, May 24, 2000 at fn. 7.

⁶ Comments of the 5C Digital Transmission License Administrator, PP Docket No. 00-67, May 24, 2000 at 8.

protection, even it does not specifically endorse IEEE 1394.⁷ IEEE 1394, however, is the acknowledged and immediately available solution for digital television inter-operability.⁸ Clearly, the FCC should mandate IEEE 1394 for all DTV receivers if there is to be any near term consumer confidence that the DTV receivers they purchase will work with their cable systems.

As to the progress towards “cable-ready” DTV sets, NAB and MSTV pointed out that we are far from seeing such product on store shelves, despite years of talk and “agreements.” We noted that, instead, what we have are incomplete agreements, unfinished standards and no commitment of product. One of our contentions in our initial comments was that even as to the issues that the NCTA-CEA agreement had supposedly settled, there is still uncertainty. CEA has now all but conceded that point. It notes that “[t]here is no firm commitment . . . on the part of cable programmers to provide the data [necessary to build independent program guides], nor is there a firm commitment from cable operators to deliver [such data] to the receivers.”⁹ It is only “*when such agreements are reached* [that] manufacturers can proceed to build television sets that can be connected directly to cable systems and produce program guides only if the data is present in correct form.”¹⁰ Thus, notwithstanding the great fanfare with which the NCTA-CEA agreement was announced, it does not appear that enough has been agreed upon to permit the production of reasonably functional “cable-ready” devices.

⁷ *Id.*

⁸ Specific implementations of IEEE 1394 intended for set-top box-to-DTV set connections have been documented as industry standards by both the cable industry (SCTE DVS194) and the consumer electronics industry (EIA 775).

⁹ Comments of CEA, PP Docket No. 00-67, May 24, 2000 at 8.

¹⁰ *Id.* (emphasis added).

The comments of Philips Electronics North American Corporation (Philips) and Thomson Consumer Electronics (Thomson) also bear testament to how far we are from crossing the finish line on cable-ready or other truly inter-operable digital equipment. As Philips notes, although agreements “have either been reached or are close to being reached . . . [t]his is not to say, however, that **more work will not be needed**. Indeed, the complexity of these issues and manufacturers’ desire to meet the still fluid roll-out needs of various DTV stakeholders (including cable operators, broadcasters and consumers) will require continuous and well coordinated industry efforts as these agreements are implemented and further refined.”¹¹

Philips also notes that the PSIP data agreements need further refining before implementation can begin.¹² Thus, manufacturers and cable operators continue to delay on the roll-out of inter-operable DTV product because they have not reached agreement on the technical specifications upon which to build.

Thomson echoes this position, suggesting that the industry accords provide only “a **conceptual foundation** for the design and manufacture of cable compatible DTV receivers” and “[m]uch **more work still needs to be done**.”¹³ Thomson suggests that Commission action may be necessary to “further empower cable subscribers to participate in the digital television revolution.”¹⁴ CEA buttresses this view, stating that it has some “remaining

¹¹ Comments of Philips, PP Docket No. 00-67, May 24, 2000 at 2 (emphasis added).

¹² *Id.* at fn. 2.

¹³ Comments of Thomson, PP Docket No. 00-67, May 24, 2000 at 4 (emphasis added).

¹⁴ *Id.*

concerns regarding the current status of cable-consumer electronics compatibility,”¹⁵ namely PSIP protocols and the roll-out of point-of-deployment (POD) modular security systems.¹⁶

Incomplete “conceptions” coupled with “remaining concerns” of an unenforceable, bilateral “agreement” arrived at without public input or sufficient Commission oversight has failed to lead to the availability of inter-operable digital product in the marketplace.

II. The Lack of DTVs That Work with Cable Is Hurting the Transition.

The lack of inter-operability standards for even the most basic DTV products – DTV receivers, digital set-top boxes, and digital VCRs – is a continuing drag on the DTV transition and an impediment to its swift and successful conclusion. In a statement on the new “labeling agreement” on labeling of direct cable connect DTV sets, FCC Chairman Kennard said “[f]inal resolution of these issues will contribute significantly to the swift roll-out of digital television capabilities to the American public.”¹⁷ The opposite is also true: the lack of DTV inter-operability is hurting DTV set sales and hurting the transition. Consumers simply do not have the confidence that they can buy a DTV set and have it work in a variety of circumstances and with other digital devices that they may add on, including even a basic digital VCR.

¹⁵ Comments of CEA at 2.

¹⁶ *Id.* at 2-5.

¹⁷ See Statement of William E. Kennard, Chairman, FCC on NCTA/CEA Letter, May 24, 2000.

III. The NCTA-CEA "Labeling Agreement" Will Lead to Further Consumer Confusion.

The new "labeling agreement" between NCTA and CEA is good in only one sense: it is decided. Otherwise, this agreement leaves the consumer out in the cold, uninformed as to basic functionality and without confidence as to basic inter-operability. Without IEEE 1394 connectors on all sets, including those connecting directly to cable, consumers will not be able to assume basic inter-operability of their DTV sets with digital VCRs, much less with other digital devices consumers will be connecting to their DTVs, such as DVDs. The labels themselves perpetuate uncertainty and confusion because they are not informative about this basic inter-operability. The label "Digital TV – Cable Interactive" tells only part of the story: that the set will work with advanced interactive cable services. How do these labels inform the consumer about which set will be inter-operable with the ubiquitous VCR, once digital versions are available? Why and how could a consumer assume that he or she needs the more sophisticated "Cable Interactive" model to achieve this basic inter-operability? Wouldn't a logical assumption be that a basic "Cable Connect" model would do for this purpose?¹⁸ The nomenclature can only lead to further consumer confusion as advanced digital interactivity is rolled-out.¹⁹

¹⁸ At the very least, the "disclaimer" attached to the "Cable Connect" label should note that this model will *not* connect to digital VCRs.

¹⁹ Interactive is a term that already has common meanings, and a new and narrower meaning will create further consumer confusion. Currently, interactive can mean playing games, selecting from a program guide, or connecting to the internet and browsing (via a cable or other modem) in addition to the narrow meaning outlined in the agreement. Would a DTV that had a modem be labeled Digital TV-Cable-Interactive-Modem? What about one that also supported downloadable applications? Would that be a Digital TV- Cable-Interactive-Modem-Downloadable-Application-Software-Environment-Capable? Or perhaps Interactive² or Interactive³?

Furthermore, by this “labeling agreement,” CEA and its member manufacturers have refused to include in all DTV sets the only truly “inter-operable” (and minimum cost) feature of a universal digital interface (IEEE 1394). And NCTA gets to name the only truly inter-operable DTV set after its new service: “Cable Interactive.” Thus, both parties of the “agreement” win something. The consumer loses.

This cable-centric labeling exercise does not guarantee that a DTV receiver either with or without the labels will be able to receive broadcast DTV signals. The retail and manufacturing community have used the term DTV, digital and digital-ready with such wide and loose interpretations that the consumer is left wondering if his or her DTV set is “broadcast-ready.” To remedy this situation, NAB and MSTV in initial comments in this proceeding, at fn. 12, have called on the FCC to mandate that *all* DTV receivers with screen diagonals of 13” and greater must incorporate the ability to receive over-the-air DTV broadcast signals.²⁰

IV. Even With Rules, the Commercial Availability of Navigation Devices Is Delayed.

The failure by the relevant industries, again under the FCC’s watch, to agree to interconnection standards is a violation of the Commission’s navigation device rules, in addition to the inter-operability policies.²¹ There is now in the record compelling evidence that the cable industry in particular is frustrating the development of a truly competitive market in navigation devices. As a result, the Commission’s faith in the market (for

²⁰ See also Comments of NAB, Notice of Proposed Rulemaking, In re DTV Biennial Review, MM Docket No. 00-39, filed May 17, 2000 at 15.

²¹ As set forth in our initial comments, MSTV participated in the navigation devices proceeding and was an intervenor in the appeal of those rules on the side of the FCC. The D.C. Circuit recently upheld the rules in a unanimous decision. See *General Instrument Corporation v. FCC*, No. 98-1420 (D.C. Cir. June 6, 2000).

example, that the market will ensure that there are set-top boxes and other devices that provide for seamless and undegraded access to DTV) is misplaced -- there is not now, and it does not appear there will be soon -- a market for cable set-top boxes.

Circuit City Stores, Inc. (Circuit City), for example, notes the cable industry's failure to comply with the July 1, 2000 deadline for distribution of competitive navigation devices. Apparently, the MSOs disclosed the technical specifications for unidirectional navigation devices too late and too incompletely to enable distribution of product by next month. Specifications for bidirectional devices that are competitive with those being offered by the cable companies themselves have not yet been released.²² According to Circuit City, "cable system interactivity, already offered in MSO-provided devices, will not be supported in CE and IT devices over *any* interface for at least another year."²³ Circuit City is joined by manufacturers in noting that CableLabs' proposed "DFAST" licensing terms, to the extent that they tie product certification of point of deployment ("POD") modules to copy protection are illegal under the navigation device rules (which, at 47 C.F.R. §76.1204(c), allow cable operators to impose only security-related restrictions on competing navigation devices).²⁴ Philips notes that "[w]ithout a retail product license in place [governing the POD technology], manufacturers cannot proceed with digital cable set-top box product development."²⁵ We take no position on the DFAST licensing terms, but believe strongly

²² See Comments of Circuit City, PP Docket No. 00-67, May 24, 2000 at 3.

²³ *Id.* at 9 (emphasis in the original).

²⁴ See, e.g., Comments of Circuit City at 15-16; Comments of Philips at 8; Comments of Thomson at 7-9.

²⁵ Comments of Philips at 8.

that the Commission must intercede to ensure that fully functional navigation devices and cable-ready sets are rushed to the market.

V. The Commission Must Take Decisive Action on DTV/Cable Inter-Operability.

Lastly, and in many ways most importantly, the comments do not evidence that the marketplace has produced or is going to produce completed agreements, finished standards or inter-operable DTV products. There were no discussions of inter-operable digital receiver products in the offing. As noted in Section I, some consumer electronics manufacturers noted that more work is necessary in order to build inter-operable product and that even the existing agreements are incomplete.²⁶ Yet the FCC and its *Notice* in this proceeding do not suggest that the Commission is truly ready to step in and force timetables for completion of standards. Rather, the Commission is “reluctantly” asking about progress, in lieu of demanding completion and implementation of standards. It is far too late in the DTV transition for the FCC to wait another minute for inter-operable DTV products. The Commission must act decisively now to demand real, consumer-friendly DTV inter-operability with cable and other digital devices. If it again stays its hand, consumers, broadcasters and Congress’ goal of a speedy transition will be the losers.

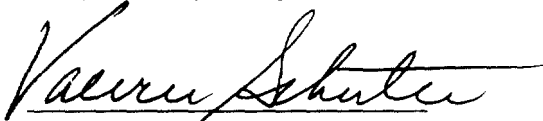
The comments in this proceeding reaffirm what the *ex parte* record had already made clear: there will continue to be delays and broken promises, false starts and clear violations of law, unless the FCC takes responsibility for the dismal state of consumer access to digital services and acts to end the deadlocks on cable digital transmission and equipment-related issues. There must be more than agreements to agree. There must be build-to specifications for cable-ready sets and competing navigation devices that ensure easy consumer access to

²⁶ See NAB/MSTV Initial Comments at 11 *et. seq.*

the full array of digital programming. We understand the Commission's eagerness to rely on market forces to solve the interoperability and equipment supply problems. But, of course, the market is often not in charge of the solution. For example, the Commission left it to CableLabs -- which is controlled by the cable industry -- to ensure that the cable industry would divest itself of control of set-top boxes. Not surprisingly, CableLabs has not acted with alacrity to do this. In the case of the DTV transition, the Commission has left it to the manufacturing, cable, and content industries to make sure that consumers can get the full range of digital programming over their digital equipment. While the manufacturers may have an incentive to make this happen, the cable industry controls enough of the market (and has incentives to control access to digital services) to move very slowly and strategically. Thus, private solutions to a public problem will come, but they may well not be in the public interest and they will almost certainly lag behind the schedule the Commission and Congress desire for a speedy DTV transition.

Respectfully submitted,

**NATIONAL ASSOCIATION OF
BROADCASTERS**

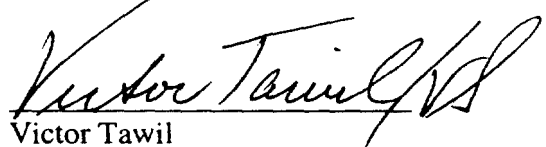


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June 8, 2000

**ASSOCIATION FOR MAXIMUM
SERVICE TELEVISION**



Victor Tawil

ATTACHMENT 1



DOCKET FILE COPY ORIGINAL
May 24, 2000

The Honorable William E. Kennard
Chairman
Federal Communications Commission
445 12th Street, S.W., Room 8B201
Washington, D.C. 20554

RECEIVED
MAY 24 2000
FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Dear Mr. Chairman:

The Consumer Electronics Association (CEA) and the National Cable Television Association (NCTA) are pleased to inform you that we have reached accord regarding whether or not all digital television ("DTV") sets should have a 1394/5C connector. We have agreed that all DTV sets need not have a 1394/5C connector, but that appropriate labeling is required for sets without that connector.

To this end, we have reached an agreement, subject to trademark searches and related legal due diligence, on the labeling of digital television sets with and without a 1394/5C connector, descriptions of the features and functions of such sets, and a disclaimer, to be included in consumer electronics product manuals and brochures, with respect to the capabilities of DTV sets without the connector.

As described in the attached Appendix, DTV sets without a 1394/5C connector will be labeled "Digital TV-Cable Connect" and those with a 1394/5C connector will be labeled "Digital TV-Cable Interactive."

Since the inter-industry discussions have been so constructive, we will continue such discussions and expect to reach agreement which will define labeling of other digital equipment, more specifically digital set top boxes which will work with the "Digital TV-Cable Interactive" DTV sets. We believe this effort, and our continued discussions to align our marketing messages will help retailers and consumers better understand the features, functions and interoperability of these new digital devices. Once again, we appreciate the Commissions' interest in fostering industry resolution of this and other issues regarding Cable/Consumer Electronics DTV compatibility.

Robert Sachs

Robert Sachs
President and CEO
National Cable Television Association

Sincerely,

Gary Shapiro

Gary Shapiro
President and CEO
Consumer Electronics Association

Attachment

cc: The Honorable Harold W. Furchtgott-Roth
The Honorable Susan Ness
The Honorable Michael K. Powell
The Honorable Gloria Tristani
Dale Hatfield, Chief, Office of Engineering and Technology
Deborah A. Lathen, Chief, Cable Services Bureau
Dr. Robert M. Pepper, Chief, Office of Policy and Plans

DTV Set Labeling and Descriptions

DIGITAL TV - CABLE CONNECT¹

- This digital television device is capable of receiving analog basic, digital basic and digital premium cable television programming by direct connection to a cable system providing digital programming. A security card provided by your cable company is required to view encrypted programming.²

DIGITAL TV - CABLE INTERACTIVE³

This digital television device is capable of receiving:

- Analog basic, digital basic and digital premium cable television programming by direct connection to a cable system providing digital programming.
- Advanced and interactive digital services and programming, such as impulse pay-per-view, video-on-demand, enhanced program guide, data-enhanced television services, etc, through its digital interface (IEEE 1394). Advanced programming and services require a digital TV cable set-top box that incorporates a digital interface (IEEE 1394).

1. This digital television set does not have a 1394/5C connector. 1394/5C refers to the DVS-194 specifications, which includes 1394, 5C, and graphics support in the digital television set. A DFAST license, with terms agreed upon by the affected parties, is required for all digital TV sets with a Host Interface for a POD module.
2. See attached disclaimer to be included in CE manuals and brochures.
3. This digital television set has a 1394/5C connector.

ATTACHMENT C



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Telecommunications Tracker for June 15 2000

● **Document 89 of 233** ●

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CABLEFAX

June 14, 2000

SECTION: Vol. 11, No. 116 **LENGTH:** 327 words **HEADLINE:** Digital TV Brouhaha: Forest Lost in the Trees over Labeling Issue **BODY:**

There appears to have been much ado about very little in recent days surrounding multiple reports of continued "squabbling" between the NCTA and CEA over digital TV labeling issues. Recent FCC filings on extraneous issues have prompted speculation of discord between the industries. The issues of discontent brought up independently by some CEA members and consumer retailers are not so much about what the NCTA and CEA agreed to late last month, but concern issues that have yet to be resolved. "The [binding] agreement addresses the specific labeling issues the Commission asked our two industries to resolve and sets the stage for further discussions regarding the labeling of other digital equipment," NCTA CEO/pres Robert Sachs explained in a letter to FCC Chmn Kennard. "NCTA and CEA have done exactly what the FCC asked the two associations to do and no amount of Monday-morning quarterbacking - from whatever source - should call into question that basic fact." Curiously, many filers used the FCC comment process to say the May 24 agreement did not go far enough, while others decried that it had gone too far. The agreement, however, was intended to address only a "narrow issue the Commission asked the two industries to resolve," not answer all the yet-to-be-formulated questions about unforeseen developments. "We made clear to anyone who took the time to read that letter, that our two industries were not limiting our discussions to two categories of DTV sets for which the Commission had requested labels, but that the May 24 agreement was responsive to the only request the FCC had made of our two industries," Sachs continued. In other words, people need to relax. Everybody was just following procedure, and the NCTA and CEA have established a framework for resolving all these issues that interested parties incorrectly assumed had already been addressed.

Telecommunications Tracker for June 15 2000

● **Document 89 of 233** ●

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densome, technically infeasible or inconsistent with universal service. PSC ordered Alltel to complete interconnection agreement with Fairpoint Communications for Alltel's major Jamestown, N.Y., market by July 1 and make every effort to provide Fairpoint with unbundled loops by Sept. 30. Fairpoint, which purchased 2 small incumbent telcos in territory adjacent to Jamestown market area, filed for interconnection in Sept. 1999 but Alltel claimed request would seriously damage its revenues and ability to provide universal service. PSC said Alltel's revenue losses should be projected across its entire territory, not just Jamestown market, and resulting loss of 1.9% of revenue was not serious threat to its economic health or ability to serve. PSC set 13.9% resale discount and interim \$19.24 unbundled loop rate, with permanent rate to be set by year-end.

Bell Atlantic will implement 711 deaf relay service access in Del. starting today (June 12), putting telco almost at halfway point in meeting its pledge to implement 711 relay access in all its states by year-end. Del. is 7th BA state with 711 relay access. BA's other 711 states are Md., Mass., N.H., N.J., N.Y., Pa.

Iowa Utilities Board said it may have to move up relief for depleted Des Moines 319 area code by several months because new projection shows code will run out of numbers by fall 2001, 9 months earlier than previously expected. Board said timetable of its proceeding to decide by Oct. whether to adopt split or overlay isn't affected by earlier exhaust projection, but original Aug. 2001 implementation date for new code may have to be moved up into spring of 2001, meaning less time for consumer education.

Hearing examiner for Ariz. Corp. Commission is expected sometime this week to file recommended order on conditions for approval of Qwest-U S West merger. Companies will have 10 days from filing to raise any exceptions to recommended conditions. Commission's next regular meeting is June 27, but staffers said it was unlikely agency would be ready to vote on merger that soon.

MASS MEDIA

Despite reaching formal agreement on digital set names late last month (CD May 25 p2), NCTA and CEA still are squabbling over DTV-cable compatibility standards for TV sets and set-top boxes. In reply comments filed June 8 on FCC's DTV-cable compatibility rulemaking, 2 trade groups jostled over whether: (1) All digital sets should have 1394/5C connectors favored by cable industry. (2) Similar labels should be placed on other DTV sets and set-top boxes. (3) FCC should become involved in negotiations over CableLabs' Dynamic Feedback Arrangement Scrambling Technique (DFAST) copy protection licensing technology. (4) FCC should move up deadline for banning existing "integrated" cable set-tops that combine security and other functions. In most notable move, CEA hedged on scope of digital set label deal, arguing that proposed labels are evolving names, "not set in stone," and shouldn't be basis for any labeling requirements imposed by Commission: "The voluntary agreement of May 24 must be recognized for what it is: An initial step based on convenience and compromise, in what will be a continuing process that will seek to define the labeling of new products and services as they become available." Group also called for cable industry to develop open standards to describe how interactive TV features can be incorporated into integrated DTV sets without need for proprietary cable set-top box. CEA also urged FCC to move up deadline for banning proprietary cable set-tops to Jan. 1, 2002, from current Jan. 1, 2005. NCTA, on other hand, called on Commission to endorse voluntary labeling agreement of 2 industries. Cable group also defended CableLabs' proposed license terms for DFAST technology and urged agency to steer clear of adopting govt. standards for copy protection. In 3rd filing, National Rural Telecommunications Coop (NRTC) argued that any digital set labels should have neutral names that don't favor cable over DBS. — **AB**

CWA has joined fight against HR-4201, which would remove educational requirements for stations operating on noncommercial frequencies. Bill has cleared House Commerce Committee. CWA said it represents 4,000 employees at public broadcasting stations and said attacks on industry have "been on the rise in both the U.S. and Canada." In letter to Committee's ranking Democrat Dingell (Mich.), CWA Pres. Morton Bahr said bill would end "public's right to participate in license approval proceedings and jeopardizes the right of the Federal Communications Commission to ensure that a broadcast license is used to serve the public interest." He warned that end result would be to "end public broadcasting as we know it." CWA said it would work with Citizens for Independent Public Bestg. to advocate independent industry trust fund from fees on commercial broadcasters.

WideOpenWest (WOW), one of more than dozen new broadband service providers, said it's now pursuing local cable franchises in St. Louis and Minneapolis-St. Paul metro areas. WOW, which recently won franchises in Dallas-Ft. Worth and Denver markets, is seeking to offer discounted bundles of video, voice and data services to

ATTACHMENT D

CIRCUIT

ELECTRONICS: THE FACT

WASHINGTON—The Federal Communications Commission (FCC) is expected to announce a new set of rules for digital television (DTV) sets, which will have to be able to receive both analog and digital signals. The rules are expected to be announced in the next few weeks. The FCC is also expected to announce a new set of rules for digital cable systems, which will have to be able to receive both analog and digital signals. The rules are expected to be announced in the next few weeks.

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Last week Circuit City Stores, Sony and others asked the FCC to reject a labeling deal hammered out by the National Cable Television Association and the Consumer Electronics Association, arguing it would force cable systems roll out proprietary digital set-tops quickly and hurt chances for TV manufacturers to incorporate competing technologies.

APPROX. AND CHANGES

There's no inconsistency between large TV affiliates groups' efforts to maintain the 35% cap on audience reach and their fight against broadcast/newspaper crossownership restrictions, says Andy Fisher, Cox's executive VP TV. "The ownership cap and the crossownership rules could not be more unrelated," Fisher asserts, in response to complaints that Cox and others are trying to have it both ways. Preserving the cap is necessary today to prevent a handful of companies from dominating broadcast outlets nationwide, he says. The 35% ownership rule was implemented in 1975 to prevent one company from dominating local media, but over the years so many that the number of TV stations per market has increased dramatically.

Cox seeks NBC stronghold

Cox Broadcasting wants to buy two more TV stations so it can create a

stronghold in NBC affiliate territory. Cox is looking for stations in the Cincinnati area, where it already owns WUCB-TV. It also wants to buy WUCB-TV, which is owned by Sunbelt Television. Cox is also looking for stations in the Cincinnati area, where it already owns WUCB-TV. It also wants to buy WUCB-TV, which is owned by Sunbelt Television. Cox is also looking for stations in the Cincinnati area, where it already owns WUCB-TV. It also wants to buy WUCB-TV, which is owned by Sunbelt Television.

NEW YORK**Into the pool**

NNS, the unprecedented and somewhat controversial cooperative news venture among CBS, ABC and Fox, makes its debut today (June 12). The pool is based at CBS' Broadcast Center in New York and overseen by Alan Suho-

nen, a former Belo news executive. Ironically, Belo is among a group that isn't participating in NNS. When the venture was announced last year, Belo Senior VP, News, Marty Haag, "The fact that they can take our on-air material and send it to the world is somewhat disconcerting." CBS News President Andrew Heyward told affiliates two weeks ago that CNN NewsSource does the same thing and broadcasters that sign up for it pay for the privilege.

e-ouch!

Media types are calling it the "Oxygen-virus." When Oxygen President Geoff Darby announced via internal e-mail that the startup women's network's had canceled two shows, someone forwarded the e-memo to a well-targeted list of reporters, editors and competitors. An embarrassed Oxygen executive said, "That's the last cancellation notice going out on internal e-mail." For the record, gone are *Trackers*, an afternoon block aimed at teen girls, and *Pure Oxygen*, the primary prime time block. Both are going into repeats for the summer because money's tight. One insider counts 28 people out of work.

Sony pulls HDTV plug

Delays 2000 product, citing software, market concerns

By Glen Dickson

Sony Electronics did a major about-face on its HDTV plans last week, delaying the introduction of new integrated HDTV sets due to an engineering problem, but one executive called it a "blessing in disguise."

Sony has had difficulties developing a chipset to support the "5C" digital encryption standard, a copy-protection scheme it has aggressively promoted, and will be unable to meet its production deadlines for 2000. "It's an unhappy circumstance," said Vic Pacor, president of Sony's Home Network Products Co.

The rollback means that Sony will have no new HDTV set this year. The company had planned to launch six sets, priced at \$4,000 to \$7,000, this year. They were to include integrated ATSC tuners and IEEE 1394 interfaces that would connect to digital cable set-tops to display premium HDTV programming.

However, Pacor said, because of the uncertainties about the DTV transmission standard, "there was almost a sense of relief not to be bringing a product to market with an integrated ATSC tuner in light of the controversy since CES."

Although Pacor doesn't believe that the 8-VSB modulation scheme should be changed to COFDM, he acknowledged a "looming threat" that the standard would be revisited. He considers it alarming to hear that the industry is "thinking about a change to COFDM" when Sony is planning to build millions of HDTV sets.

"The word 'think' itself is inappropriate in [that] context," he said.

Sony will try to get at least one widescreen HDTV display, with or without an integrated ATSC tuner, to market this fall, Pacor said. The company is also due to launch a \$799 combination HDTV/DirecTV set-top. Currently, Sony sells only a \$7,499 34-inch HDTV set and a \$9,999 65-inch set, both of which are a year old and significantly more expensive than competitors' 2000 offerings.

Sony Says Its Line Of Digital HDTVs Will Be Delayed

By EVAN RAMSTAD

Staff Reporter of THE WALL STREET JOURNAL

Sony Corp. says a line of digital, high-definition television sets it planned to sell in the United States this fall will be indefinitely delayed due to a software problem and uncertainties over technical standards.

The company's U.S. electronics unit announced in January that it would roll out six HDTVs this fall, its first broad line of TV sets based on new digital technology. But executives now say they will notify retailers today that they won't deliver the products this year.

"We had an engineering hurdle that couldn't be overcome," says Vic Pacor, senior vice president for television and digital media products at Sony Electronics Inc., based in Park Ridge, N.J.

Specifically, he said, software for the main set of chips inside the TVs is taking longer to finish than anticipated.

But Mr. Pacor acknowledged another factor in the decision is a recently-announced review by a standards body of the transmission method selected several years ago for digital TV signals. If the standards body recommends a change to that method, and federal regulators go along, digital TV receivers also will have to change.

For TV makers, Mr. Pacor says, the situation is like trying to build a locomotive when there is uncertainty about the width of the railroad track. He said he now can't be sure when Sony will sell the new TVs, which were to include two tube-based models and four rear-projection sets at prices in the \$4,000 to \$7,000 range. "We're a bit gun-shy at this point," he said.

The company now sells two HDTVs, but they can't be connected to cable systems. Sony's new models were expected to be the first that would connect to cable TV systems. Television manufacturers and cable operators only recently agreed on the technical way digital TVs will connect, although some copyright issues are still unresolved. Other TV manufacturers say they'll have cable-ready, digital TVs out in mid-2001.

Though Sony risks missing a chance to be first to market with leading-edge TVs, Mr. Pacor says he expects little financial impact from the delay.

Digital TVs, and their high-end variant HDTVs, account for a tiny portion of the U.S. TV market. Of the 27 million televisions sold in the U.S. last year, fewer than 100,000 were "digital-ready" sets and an even smaller number were fully capable HDTVs.

Sony is experiencing record sales of TVs in the United States this year, chiefly due to the popularity of its Wega models,

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which have tubes that are flat instead of round. Sony has been able to price the sets at a premium because few manufacturers have matched the design, though several are expected to soon.

Mr. Pacor says Sony's U.S. TV revenue is up more than 20% so far this year, chiefly on Wega's strength. The flat-glass sets will account for almost half of Sony's unit sales in the U.S. this year, up from 30% last year. In Japan and some other countries, Sony now only sells flat-glass tube models.